



**Tommy Womack, Past-President
National Association of Wheat Growers &
Texas Wheat Producers Association
before the
Senate Agriculture, Nutrition and Forestry Committee
Farm Bill Regional Hearing
Lubbock, TX
September 8, 2006**

Mr. Chairman and Members of the Committee, my name is Tommy Womack. I am a wheat farmer from Tulia, Texas, and am a past president of the National Association of Wheat Growers (NAWG) and the Texas Wheat Producers Association (TWPA). I thank you for this opportunity to discuss the Farm Bill, and to share the concerns of wheat growers both in Texas and across the nation.

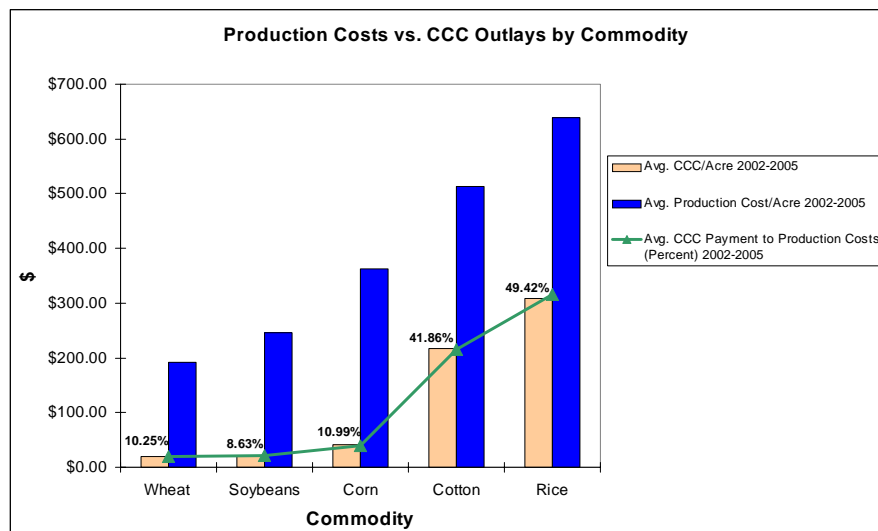
Effective farm legislation is essential, not only for wheat growers, but also for rural economies and American consumers. Farm programs were designed to cushion the boom and bust cycles that are inherent to agricultural production and to ensure a consistently safe, affordable and abundant food supply for the American people.

The 2002 Farm Bill has strong points, and the wheat growers that I represent here today believe that the next Farm Bill should build on these strengths. But, while wheat growers generally support current policy, much of the “safety net” provided by the 2002 bill has not been effective for wheat farmers.

Since 2002, wheat growers have received little or no benefit from two key components of the current bill, the counter cyclical program and loan deficiency payment program, for two main reasons. First, severe weather conditions for several consecutive years in many wheat states have led to significantly lower yields or total failure. The loan program and the LDP are ineffective when you have no crop. Secondly, the target price on the counter cyclical program for wheat was set considerably lower than market conditions indicated, and severe weather conditions in some areas have created a short crop, which has led to higher prices in other areas. As a result, there has been very little support in the form of counter cyclical payments.

As you can see by the chart in my testimony, the support level for wheat compared to other commodities for the 2002 to 2005 (estimated) crop years, even as a percentage of production costs, is relatively low.

	Wheat	Soybean	Corn	Cotton	Rice
AVG CCC/Acre '02-'05E	\$19.71	\$20.67	\$40.68	\$216.38	\$308.87
AVG Production Costs/acre '02-'05E	\$192.64	\$245.25	\$362.61	\$513.81	\$638.76
AVG CCC to Production costs (%)	10.25%	8.63%	10.99%	41.68%	49.42%



Source for CCC outlays, years 2001 to 2005 (estimated)
<http://www.ers.usda.gov/publications/agoutlook/aotables/2006/03Mar/aotab35.xls>
 Sources for production costs/acre: <http://www.ers.usda.gov/Data/CostsandReturns/testpick.htm>

We are not, in any way, suggesting that other crops receive too much support – far from it, they face the same problems our growers face and rely heavily on this safety net. We are simply stating that wheat producers need a viable safety net, too.

There is no doubt that America's farmers would rather depend on the markets than the government for their livelihoods, but the current economic and trade environments do not offer a level playing field in the global marketplace. Many of our trading partners support their farmers at a much higher rate than in the U.S. At the same time, we face continually increasing production and transportation costs. Fuel and fertilizer prices are up an estimated 24 to 27 percent for wheat growers just from last year, according to a recent FAPRI report, and the current disaster situation, including droughts, floods and fires, have been especially troubling for our members.

While we understand that there are likely to be economic impacts from any change in the current program, we believe that wheat growers need an adequate safety net. We are currently examining the impacts - both to farmers and the federal budget - if the safety net for wheat was more in-line with the safety net of other commodities. One option we are currently considering is a proposal to increase the direct payment, and increase the target price to more accurately reflect market conditions. We believe these two programs are the least trade-distorting, and therefore offer the best opportunity to provide support for our members. I expect NAWG's full board will finalize a 2007 Farm Bill proposal soon, and will share that with you when it is complete.

Wheat growers would also like to see conservation programs continue as presently authorized, but with full funding. We would also like to explore opportunities to streamline program sign-up to be less time consuming and more producer friendly. Another area of interest to our members is the pursuit of renewable energy from agricultural sources and support for additional incentives for further research and development of renewable energy initiatives, specifically cellulosic ethanol.

In closing, I would be remiss if I did not express the crop devastation here in Texas. The 2006 Texas wheat crop was the smallest crop harvested in 35 years, and harvested acres were the lowest since

1925. Most producers were unable to run stocker cattle; therefore they lost a large portion of their yearly income. When harvest came, many producers experienced yields of 3 to 5 bushels per acre. In essence, wheat producers lost two major sources of income, while also dealing with record high costs for two of their largest inputs – diesel fuel and natural gas. Today, I would like to express my sincere appreciation to the Senate for its vigilant and unwavering attempts to provide disaster assistance to our drought and fire-ravaged lands. We are truly grateful for your leadership, and we vow to continue our efforts to obtain Emergency Agricultural Disaster Assistance.

Mr. Chairman and Members of the Committee, I must state that we are firmly committed to developing an effective 2007 Farm Bill and welcome the opportunity to work with you to do so.

Thank you for this opportunity. I am ready to answer any questions you may have.